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ISRAEL-LEBANON: Sporadic Clashes	
(Information available as of 2300 EDT)	
Militaru activitu in Lebanon continues to be limited.	25 25
the Israeli Ministry of Defense reports minor firefights are occurring in southern Lebanon, where small groups of Palestinian guerrillas remain behind Israeli lines. The Israelis believe there are still numerous arms caches that these isolated guerrilla groups can use.	25 25
Sporadic clashes between Phalange units and Druze militia have occurred near Bhamdun and Alayh and east of Ad Damur in the past few days. Druze leader Walid Junblat, who also heads the leftist National Movement, yesterday called on his followers to drive out the Phalange.	2
Comment: The Phalange have been occupying a number of villages in areas under Israeli occupation in hopes of improving their military and political position. They apparently are concerned that the Druze, who did not resist the invasion, retain substantial amounts of arms and could pose a threat to eventual Phalange control of Lebanon.	2
The Druze fear the Phalangewith Israeli assistance are bent on controlling all of Lebanon. This fear will make it difficult to establish a strong, multiconfessional central government.	2
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Israeli Comments on Multinational Fo	rce
A senior Israeli source told the Wednesday that Israel may drop its donational force to police a 40- to 45 zone in southern Lebanon. The comme cabinet communique on Sunday outlinidemands for a political settlement in made no mention of the multinational	emand for a multikilometer security nts follow the ng the government's n Lebanon, which
Comment: The Israelis have bee support to villagers in the south th tional ally, Christian leader Major believe Haddad's forces, coupled wit government, could provide the securi getting into the protracted politica a multinational force would involve.	rough their tradi- Haddad. They may h a strong Phalange ty they need without
Continued Israeli Air Activity	
Comment: The Israelis are flyi	Syrian and Pales-
tinian forces. The status of missil is of particular concern to the Isra to destroy a <u>ny new S</u> yrian surface-to	elis, who would move
Lebanon to monitor the activities of tinian forces. The status of missil is of particular concern to the Isra to destroy any new Syrian surface-toment there.	elis, who would move
tinian forces. The status of missil is of particular concern to the Isra to destroy a <u>ny new S</u> yrian surface-to	elis, who would move
tinian forces. The status of missil is of particular concern to the Isra to destroy a <u>ny new S</u> yrian surface-to	elis, who would move

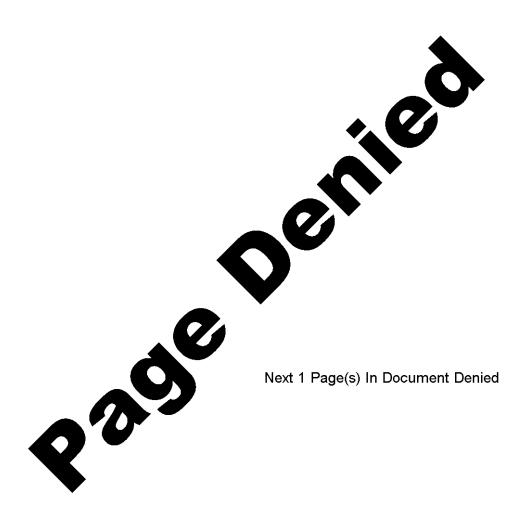
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JAPAN: New Defense Plan Emerging

The Finance Ministry has cut \$3 billion from the \$23 billion military equipment budget requested by the Defense Agency for 1983-87, according to press reports. By underfunding logistic support, officials have succeeded in keeping defense spending for 1983-87 under the limit of 1 percent of GNP still favored by Prime Minister Suzuki. A Japanese newspaper concludes, however, this depends on an unrealistically high projection for GNP. The defense plan will be presented to Suzuki this month.

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Comment: A reduced budget would prevent Japan from reaching the force levels Suzuki has said would be attained by 1987. The Prime Minister is sympathetic to the Finance Ministry's desire to hold down government spending, but defense activists in the ruling party could still persuade him to endorse a more ambitious defense plan. The estimated US response to the plan will weigh heavily in Suzuki's calculations. He decided in late 1981 to spend more on defense than recommended by the Finance Ministry because of concern about Washington's reaction.

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USSR: Restricting Telephone Links	
//The USSR, for alleged "technical" reasons, reportedly plans as of today to cut by half the number of its direct commercial satellite telecommunications circuits with the US. West European officials have already been informed of similar reductions that will affect their countries.//	25X
Comment: //The unprecedented cutbacks mean that a significant percentage of international calls to and from the USSR will require operator assistance. The move will result in only modest foreign exchange savings. It probably is designed to improve monitoring and control over telephone contact between Soviet citizens and foreigners, including emigres.//	25X
FRANCE: Cabinet Changes	
Prime Minister Mauroy has indicated that the resignations on Tuesday of Industry Minister Dreyfus and Social Security and National Solidarity Minister Questiaux foreshadow a larger cabinet shakeup later this year. The Industry portfolio falls to Research and Technology Minister Chevenement. Questiaux, who is unhappy with President Mitterrand's recent moves to curb the growth of welfare expenditures, will be replaced by Elysee Chief of Staff Beregovoy. Beregovoy will assume a supervisory role over Labor Minister Auroux, while newly appointed Employment Minister Le Garrec will report directly to Mauroy.	25X
Comment: //The changes in personnel and responsibilities reflect Mitterrand's renewed emphasis on stimulating employment, particularly in nationalized industries. In the coming shakeup Mauroy and key moderates on economic policy, including Economic Minister Delors, probably will retain their posts, as will the four Communist ministers. Foreign Minister Cheysson, whose blunt style often has embarrassed Mitterrand, is vulnerable.//	25X
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WEST GERMANY: Agreement on Budget	
//Chancellor Schmidt's Social Democratic - From Democratic coalition government yesterday reached cabinet-level agreement on a budget for 1983. The ment has been submitted for approval to the Bundes delegations of both parties. Should either reject compromise, the cabinetwhich meets again today-make another effort to resolve differences.//	a e agree- stag t the
Comment: //The agreement probably will avert immediate crisis for the government, but the coalitis not out of danger. If substantial Social Democration to the compromise emerges, Free Democratical Party leader Genscher, who probably still is under about whether to leave the government, may use this an excuse to end the coalition.//	ttion cratic atic cided
PUGOSLAVIA: Results of Party Congress Delegates at the 12th Congress of the Yugosla Communist Party, which ended this week, criticized leadership's record and took steps to make it more accountable for government policy. The congress at the government commission's report that mandates and efforts to lower the high inflation rate and the balance-of-payments deficit. Despite his poor health, Vladimir Bakaric, Yugoslavia's elder state and the last of Tito's former confidents, became to only party member to hold positions in both the states are greater and the party Presidium.	d the endopted contin- ceduce cesman
Comment: Widespread dissatisfaction among particles with the inept handling of the economy is the delegates' demand for more influence in future decisions. With the party giving strong support to economic stabilization measures, the new government push ahead with its potentially unpopular austerity program. The durability of the new party consensus soon be tested as specific new economic measures to hit home.	behind to the the thick t

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GREECE: Impending Cabinet Shakeup

On Tuesday the government introduced legislation that restructures the cabinet and formalizes the operation of three ministerial councils to deal with foreign policy and defense, the economy, and prices and income policy. A major cabinet shakeup is expected to follow in the next few days after the bill is passed. Prime Minister Papandreou reportedly has been disappointed with the performance of a number of his ministers, especially those dealing with the economy. Last weekend Finance Minister Drettakis resigned after Papandreou loosened the regulations of a recently passed—but unpopular—property tax law.

Comment: The bill is an attempt to rationalize Greece's cumbersome bureaucracy and affords Papandreou the opportunity to effect major cabinet changes without creating unnecessary friction within his government. Opinion polls indicate a majority continues to approve of Papandreou's performance, but the sluggish economy is beginning to affect the average Greek. The Prime Minister probably believes he has to revitalize his team before the nationwide municipal elections in October.

EAST GERMANY: Successful Peace Workshop

Organizers of the peace workshop at a Lutheran Church in East Berlin on Sunday reportedly are euphoric about having attracted almost 4,000 participants. They are already planning more activities for this fall. The authorities turned back at the border some West Germans who had planned to attend and monitored events. Church leaders helped keep events under control by holding down publicity, prohibiting the use of microphones, and forbidding any criticism of Warsaw Pact military policies.

Comment: The regime will be disturbed by some of the participants' criticism of the growing militarization of society, the Berlin Wall, careerism in the party, and indifference to environmental problems. These complaints suggest the youth-dominated peace movement could become more concerned with domestic issues rather than the East-West arms race.

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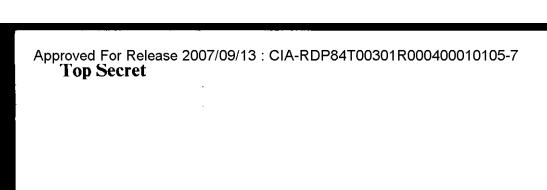
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